Office of the Commissioner
Our Ref: LHW2025-08-01

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
Canberra ACT 2600

Senator the Hon Katy Gallagher
Minister for Finance
Parliament House
Canberra ACT 2600

Dear Treasurer, Minister

Thank you for your letter of 4 July 2025 and the opportunity to assist you in identifying regulatory reform opportunities for the Aged Care Quality and Safety Commission (Commission) to bolster productivity growth in preparation for the Economic Reform Roundtable.

As you know, the legislative framework under which the Commission operates will change with the commencement of the *Aged Care Act 2024* (new Act) on 1 November 2025. Mitigating regulatory burden on aged care providers, responsible persons and aged care workers was a key consideration in the development of the new regulatory framework and informed many features of the new Act.

Before describing the Commission's proposals to further support productivity in the aged care sector, it is worth briefly outlining the measures that are already legislated and resourced as part of the implementation of the new Act.

Reducing unnecessary compliance burdens through a Supervision Model

In preparation for the new Act, the Commission has begun transitioning to a Supervision Model that reduces compliance burdens by more effectively targeting regulatory interventions toward at-risk providers. The model establishes an expectation that where we find risk, we seek assurance from providers in the first instance, escalating to formal regulatory interventions where providers fail to demonstrate sufficient responses. This approach increases efficiency and reduces compliance burden for providers who may otherwise have needed to spend time and legal resources responding to a formal regulatory notice.

The Commission has already begun seeing benefits from the Supervision Model with a reduction in the year-on-year volume of formal regulatory notices issued while compliance with standards has improved. This has allowed a shift of regulatory effort to activities that prevent failures in care before they occur.

Streamlining regulatory processes through a revised audit framework

The new regulatory framework (established through the new Act) lifts the Commission's regulatory focus to the level of the registered provider, moving away from the residential service-centric model under the current legislative framework.

This change enables the Commission to conduct one, comprehensive, provider-level audit every registration period. This will result in significant efficiencies for providers, with evidence of the organisational systems, processes and governance only requested once at the beginning of the audit period, rather than the provider needing to produce the same information before every audit of a residential care home. For large providers of residential aged care services in particular, this efficiency will be substantial.

Cross government initiatives

The Commission is working with the Department of Health, Disability and Ageing (the Department) on several cross-sector initiatives to reduce unnecessary compliance burdens and improve coordination with other regulators and departments. These include:

- The Care Economy Regulatory Alignment (CERA) - aligning regulatory arrangements across social care to reduce duplication, inefficiencies and compliance challenges. This work is focusing on implementing mutual recognition of suitability assessments for market entry, aligning relevant standards, and mutual recognition of audits. Currently, registered providers who wish to offer support to NDIS participants must be audited and assessed against two different regulatory schemes, which has cost and staffing impacts.
- Expanding the recognition of audits against the National Safety and Quality Health Service Standards (NSQHS) for aged care programs - facilitating recognition for all providers of integrated health and aged care services.
- The national approach to worker screening initiative (led by the Department of Finance) and the Suitability Red Lines project (led by the NDIS Commission) - enabling common suitability requirements and approaches to worker screening for care and support sector workers.

The Commission has identified four additional regulatory reform opportunities to improve productivity in the aged care sector that have already commenced, or can commence imminently, without requiring legislative change or additional investment from government. These include:

1. Offering longer registration periods to reduce unnecessary compliance burdens
2. Redesigning incident notification forms to streamline regulatory processes
3. Optimising customer contact centre performance to streamline regulatory processes
4. Improving coordination with other regulators through bilateral agreements

Details of these regulatory reform opportunities, including descriptions, timeframes, and dependencies, are provided at **Attachment A**.

I would be happy to provide any additional information that may be required about our proposed initiatives.

Yours sincerely

[redacted]

Liz Hefren-Webb
Commissioner

1 August 2025

Attachment A

Measures implementable without legislative change or additional resources

1. Offering longer registration periods to reduce unnecessary compliance burdens

Under the new regulatory framework, the Commission will audit providers and their residential care homes as part of our decision to renew a provider's registration. Registration and audits are cost recovered and include on-site visits to residential care homes. The renewal decision includes a determination of a new registration period, which the new Act specifies to be 3 years or a different period determined by the Commissioner. The Commission is developing requirements to support registration periods longer than 3 years, taking into account conformance with the audited Quality Standards, a provider's compliance history, market context and other regulatory intelligence.

As registration and audit are cost-recovered activities, longer registration periods would offer providers both financial savings and increased capacity to invest in continuous improvement and care delivery.

There is a risk that longer periods of registration may be perceived as resulting in a lower level of regulatory oversight. However, the Commission's ongoing risk surveillance and monitoring of all providers is a significant mitigation. This includes analysing a range of mandatory reporting including serious incidents, receiving complaints and disclosures, and ongoing targeted monitoring including unannounced site inspections. We actively promote our safeguarding capability and risk-led approach to continue to build trust and confidence in the regulatory framework.

Implementation of longer registration periods would be gradual and initially focus only on established and consistently high-performing providers. This would assist to manage any reduction in cost-recovered revenue to the Commission, while also managing any risks to public confidence in the regulation of the aged care system. The approach will be informed by the sector's performance against the strengthened Quality Standards which take effect on 1 November 2025.

2. Redesigning incident notification forms to streamline regulatory processes

The Commission receives an average of 70,000 reportable incident notifications every year through the Department of Health, Disability and Ageing (the Department) , My Aged Care Provider Portal (MAC Portal). Providers tell us the reports are time-consuming and complex, often taking hours to complete. The Commission will begin the SIRS Improvement Project in the 2025-26 financial year to strengthen engagement with the sector and improve the quality of reporting and incident management. The project includes redesigning the incident reporting form to improve clarity on what information is required and make the reporting process simpler and more efficient.

Noting the volume of notices submitted, even a modest time saving of 15 minutes per notification will result in a large productivity benefit (17,500 hours annually). Increased clarity on our reporting expectations also reduces how often we must request more information from providers, further reducing the compliance burden.

We expect to deliver the Improvement Project within current resourcing, with capacity to make necessary IT changes the key dependency to enable the improvements

3. Optimising customer contact centre performance to streamline regulatory processes

The Commission recently procured an insights report into opportunities to optimise Customer Contact Team (CCT) operations. Consistent with the recommendations of this report, the Commission will roll-out a dedicated enquiry channel for providers, with trained and experienced staff to support frequently asked questions. The productivity benefits of this initiative are the reduced time providers spend on the phone to us, reducing call-abandonment rates and avoiding ongoing uncertainty and delays in operations while providers wait for responses to their enquiries.

The Commission is also looking to implement *Live Chat* for providers to enable quick answers to questions through links to relevant website guidance. Contact officers can manage multiple simultaneous chats with *Live Chat*, which represents a significant efficiency improvement over one-on-one phone conversations. We expect to deliver both of the above initiatives within our 2025-26 budget.

4. Improving coordination with other regulators through bilateral agreements

The Commission is continuing to expand the range of bilateral agreements it maintains with other regulators and agencies in the care and support sector to streamline information-sharing and communication protocols. These agreements support the sector to share information, avoid duplicative information requests and, in doing so, reduces regulatory burden on providers. We expect to have entered the current suite of agreements by the end of 2026. Required changes to current processes under these agreements can be operationalised for the Commission within existing resources.